



Şok Marketler Ticaret A.Ş.

01.01.2020 – 30.06.2020

Interim Report



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REVIEW REPORT ON SEMI-ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH**

To the General Assembly of Şok Marketler Ticaret A.Ş.

We have been assigned to the review whether the financial information in the review report of Şok Marketler Ticaret A.Ş. (the "Company") prepared as at 30 June 2020 is consistent with the reviewed consolidated interim financial information. Management is responsible for the preparation of the semi-annual report. Our responsibility is to express a conclusion on whether the financial information provided in the semi-annual report is consistent with the reviewed consolidated interim financial statements on which we have expressed our conclusion dated 14 August 2020.

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410 "Review on Interim Financial Information Performed by the Independent Auditor of the Entity". Our review includes the assessment as to whether the financial information included in the semi-annual report is consistent with the reviewed consolidated interim financial statements and other explanatory notes. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards, the objective of which is to express an opinion on the financial statements. Consequently, a review on the semi-annual financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying financial information included in the review report is not consistent, in all material respects, with the consolidated interim financial information and the information presented in the explanatory notes to consolidated interim financial information.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Adnan Akan, SMMM
Partner

Istanbul, 14 August 2020

APPENDIX

1. About Şok Marketler	2
2. General Information	3
3. Operations	4
4. Investments	4
5. Events after the Reporting Period	4
6. Financials	5

1. About Şok Marketler

Şok Marketler Ticaret Anonim Şirketi (“Şok” or the “Company”) was established in 1995 to operate in the retail sector, selling fast moving consuming products in Turkey. The registered address of the Company is Kısıklı mah. Hanımseti sok No:35 B/1 Üsküdar and continues its activities in 81 provinces of Turkey. The number of personnel is 33.410 as of 30 June 2020 (31 December 2019: 29.738).

Şok and its subsidiaries, are comprised of the parent, Şok and two subsidiaries in which the Company owns the majority share of the capital or which are controlled by the Company.

On 25 August 2011, Şok 's shares were transferred from Migros Ticaret A.Ş.

The Company acquired 18 stores of Dim Devamlı İndirim Mağazacılık A.Ş between February 21, 2013 and March 28, 2013. The purchase was not made through the purchase of shares but through the purchase of the assets in stores.

On 19 April 2013, the Company signed share transfer agreement for the purpose of purchasing 100% of the DiaSA Dia Sabancı Süpermarketleri Tic. A.Ş ("DiaSA"). All of DiaSA's shares were transferred to Şok Marketler A.Ş. on 1 July 2013. On 8 July 2013, 100% of the shares of Onur Ekspres Marketçilik A.Ş. was purchased by Şok. DiaSA and OnurEx merged with Şok on 1 November 2013 and 19 December 2013, respectively.

On 29 May 2015, the Company acquired 80% share of Mevsim Taze Sebze Meyve San. ve Tic. A.Ş. (“Mevsim”).

On 26 December 2017, the Company acquired 55% shares of Teközel and 45% shares on 2 July 2018, respectively. The Company merged with Teközel on 10 May 2019 with CMB approval dated 28 March 2019 and Trade Registry approval dated 10 May 2019. After the merger Şok acquired 100% shares of UCZ Mağazacılık Tic. A.Ş (“UCZ”).

With the Capital Market Board's approval of the public offering, the shares of Şok Marketler Ticaret A.Ş. started to trade on 18 May 2018 on BIST STARS index with the “SOKM” code which was offered to public on 8-11 May 2018, with a nominal value of TL 218.500.000 issued due to the increase from TL 360.000.000 to TL 578.500.000 with TL10,5 base price.

Within the framework of the registered capital system, with the completion of the public offering with restricting the rights of the existing shareholders to purchase new shares, total capital of the Company increased by TL 33.428.571 to TL 611.928.571. All of the shares issued within the framework of capital increase mentioned above are allocated to Yıldız Holding A.Ş.. On 16 May 2018 capital increase completed by depositing the relevant amount to the Company account at base price of TL10,5.

As of 30 June 2020, the Company has a total of 7.661 stores including 7.338 units "Şok" sales store, 323 units "Şok Mini" sales store (31 December 2019: the Company has a total of 7.215 stores including "Şok" sales store: 6.929, "Şok Mini" sales store: 286).

The Company's internet address is www.sokmarket.com.tr.

2. General Information

a) Shareholding Structure

Shareholder structure of Şok Marketler as of June 30, 2020 is stated below;

Shareholders	%	
Turkish Retail Investments B.V.	23,53	144.000.000
Gözde Girişim Sermayesi Yat.Ort. A.Ş.	22,94	140.400.327
Templeton Strategic Emerging Markets Fund IV.LDC	5,88	36.000.000
Yıldız Holding A.Ş.	5,46	33.428.571
European Bank For Reconstruction And Development	5,55	33.950.000
Publicly listed & Other	36,64	224.149.673
Total	100,00	611.928.571

b) Board of Directors

2019 Ordinary General Assembly meeting of our Company was held on July 16th, 2020 at 14:00, at the address Kısıklı Mahallesi Hanımseti Sok. No:35 B-1 Üsküdar/İstanbul.

It has been resolved not to distribute dividends for 2019 since Company has no distributable profit for the year ended 31/12/ 2019 due to net period loss recorded and previous year's losses in its financial statements which are prepared in compliance with the Turkish Accounting Standards.

Members' names and roles are as follows:

Name Surname	Title	Term
Cengiz SOLAKOĞLU	Chairman	Board members were elected for a term of three years at the Ordinary General Assembly meeting held on 18 July 2018
Ali ÜLKER	Deputy Chairman	
Erman KALKANDELEN	Board Member	
Murat ÜLKER	Board Member	Board member was elected at the Extraordinary General Assembly meeting held on 31 October 2019 to serve for the term of office of the current Members
Mehmet TÜTÜNCÜ	Board Member	Election of Board member was approved at the Ordinary General Assembly Meeting dated 16.07.2020 to complete the term of Office of previous Board Member
Ahmet BAL	Board Member (Independent)	Board member was elected for a term of three years at the Ordinary General Assembly meeting held on 18 July 2018
Pınar ILGAZ	Board Member (Independent)	Election of Board member was approved at the Extraordinary General Assembly Meeting dated 31.10.2019 to complete the term of Office of previous Board Member
Aytaç Saniye MUTLUGÜLLER	Board Member (Independent)	Board member was elected at the Extraordinary General Assembly meeting held on 31 October 2019 to serve for the term of office of the current Members

c) Executive Board

Executive Board of Şok Marketler as of March 31, 2020 is stated below;

Name Surname	Title	Address
Uğur Demirel	CEO	Kısıklı Mahallesi Hanımseti Sokak No:35 B/1 Üsküdar, İstanbul
Ziya Kayacan	CFO	
Tuncer Konak	Human Resources Director	
Kazım Çağlar	Sales & Operation Director	
Hakan Koyun	Sales & Operation Director	
Metin Sağlam	Sales & Operation Director	
Nilhan Gülbağçe	Marketing Director	
Tolga Genç	Trade Director	
İsmail Özen	Trade Director	
Hakan Kurtul	Trade Director	
Kenan Hatipoğlu	Construction, Technical Purchasing and Investment Director	
Tuncay Çelikoğlu	Supply Chain Director	
Çağlar Dağlar Aygün	Sales & Operation Director	

3. Operations

The Company operates in the food retail market in Turkey. As of 30 June 2020, the Company has a total of 7.661 stores 7.338 units "Şok" sales store, 323 units "Şok Mini" sales store.

4. Investments

For the period of 1 January- 30 June 2020, The Company opened 409 Şok and 37 Şok Mini Stores and Total capital expenditure was TL196,1 million.

5. After the reporting Period

None.

6. Financials

The details of the Company's subsidiaries at 30 June 2020 and 31 December 2019 are as follows:

Subsidiaries	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Direct Ownership Rate %		Group Efficiency Rate %	
Mevsim Taze Sebze Meyve San. ve Tic. A.Ş.	%80	%80	%80	%80
UCZ Mağazacılık Tic. A.Ş.	%100	%100	%100	%100

Consolidated financial statements include financial statements of entities controlled by the Company and its subsidiaries.

Control is obtained by the Company, when the following terms are met;

- having power over the investee, i.e. the investor has existing rights that provides the ability to direct the relevant activities (the activities that significantly affect the investee's returns),
- having exposure, or rights, to variable returns from its involvement with the investee
- having the ability to use its power over the investee to affect the amount of the investor's returns

If a situation or event arises that could cause any change in at least one of the criteria listed above, the Company will reevaluate the control power over the Company's investment.

Profit or loss and other comprehensive income are attributable to the equity holders of both the parent company and noncontrolling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries in relation to accounting policies so that they conform to the accounting policies followed by the Company. All cash flows from in-Company assets and liabilities, equity, income and expenses, and transactions between Company companies are eliminated in consolidation.

Consolidated Income Statement Summary for the period of 2Q'20 and 1H'20;

	Excl. IFRS 16			Incl. IFRS 16		
	2Q2019	2Q2020	Δ (%)	2Q2019	2Q2020	Δ (%)
Net Sales	3.991,8	5.225,1	30,9%	3.991,8	5.225,1	30,9%
Gross Profit	956,0	1.212,3	26,8%	956,0	1.212,3	26,8%
Gross Profit %	23,9%	23,2%	-0,7 Ppt	23,9%	23,2%	-0,7 Ppt
Marketing, selling & GA expenses (-)	(769,2)	(982,9)	27,8%	(698,2)	(894,1)	28,1%
Amortisation	(55,0)	(62,2)	13,1%	(153,9)	(168,6)	9,6%
Marketing, selling & GA expenses (-) (Excl Amortisation)	(714,2)	(920,7)	28,9%	(544,3)	(725,5)	33,3%
EBITDA	241,8	291,6	20,6%	411,6	486,8	18,3%
EBITDA %	6,1%	5,6%	-0,5 Ppt	10,3%	9,3%	-1,0 Ppt
Operating Profit (EBIT)	41,9	111,0	164,8%	112,9	199,8	76,9%
Financial Expense	(36,5)	(14,2)	-61,1%	(148,2)	(141,4)	-4,6%
Profit / (Loss) Before Tax	6,7	99,9	1390,7%	(34,0)	61,9	282,1%
Net Profit / (Loss) for the Period	8,0	81,0	915,2%	(24,6)	50,3	304,4%

	Excl. IFRS 16			Incl. IFRS 16		
	1H2019	1H2020	Δ (%)	1H2019	1H2020	Δ (%)
Net Sales	7.515,2	9.913,4	31,9%	7.515,2	9.913,4	31,9%
Gross Profit	1.736,7	2.342,2	34,9%	1.736,7	2.342,2	34,9%
Gross Profit %	23,1%	23,6%	0,5 Ppt	23,1%	23,6%	0,5 Ppt
Marketing, selling & GA expenses (-)	(1.486,7)	(1.894,1)	27,4%	(1.353,3)	(1.723,2)	27,3%
Amortisation	(108,1)	(122,4)	13,3%	(294,0)	(331,2)	12,7%
Marketing, selling & GA expenses (-) (Excl Amortisation)	(1.378,6)	(1.771,6)	28,5%	(1.059,3)	(1.392,0)	31,4%
EBITDA	358,1	570,6	59,3%	677,4	950,3	40,3%
EBITDA %	4,8%	5,8%	1,0 Ppt	9,0%	9,6%	0,6 Ppt
Operating Profit (EBIT)	(14,5)	170,7	1273,6%	118,8	341,5	187,5%
Financial Expense	(73,9)	(36,4)	-50,7%	(279,1)	(279,6)	0,2%
Profit / (Loss) Before Tax	(83,5)	138,5	266,0%	(155,3)	67,3	143,3%
Net Profit / (Loss) for the Period	(64,6)	112,6	274,3%	(122,1)	55,6	145,5%

Consolidated Balance Sheet Summary for the period of 1 January -30 June 2020;

	Excl. IFRS 16		Incl. IFRS 16	
	31.12.2019	30.06.2020	31.12.2019	30.06.2020
Cash & cash equivalents	431,3	918,9	431,3	918,9
Trade receivables	74,4	130,4	74,4	130,4
Inventories	1.329,7	1.539,1	1.329,7	1.539,1
Other current assets	27,3	27,3	25,0	24,2
Total Current Assets	1.862,7	2.615,7	1.860,4	2.612,6
Property & equipment	1.100,7	1.170,6	1.100,7	1.170,6
Intangible assets	685,3	687,2	685,3	687,2
Other non-current assets	209,3	186,2	2.061,4	2.132,4
Non-Current Assets	1.995,3	2.044,0	3.847,4	3.990,2
Total Assets	3.858,1	4.659,7	5.707,8	6.602,8

	Excl. IFRS 16		Incl. IFRS 16	
	31.12.2019	30.06.2020	31.12.2019	30.06.2020
Short term financial liabilities	75,5	57,4	75,5	57,4
Trade payables	3.395,1	3.754,9	3.395,1	3.754,9
Other current payables	218,6	564,0	819,7	1.221,9
Total Current Liabilities	3.689,2	4.376,3	4.290,3	5.034,2
Total Non Current Liabilities	78,8	72,1	1.444,4	1.531,3
Shareholder's equity	88,5	209,7	(28,3)	36,1
Non-controlling interests	1,6	1,7	1,5	1,3
Total Equity	90,1	211,3	(26,9)	37,4
Total Liabilities and Equity	3.858,1	4.659,7	5.707,8	6.602,8

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